

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	WC Docket No. 11-42
Lifeline and Link Up Reform and Modernization)	
)	
Telecommunications Carriers Eligible for Universal Service Support)	WC Docket No. 09-197
)	
Connect America Fund		WC Docket No. 10-90

COMMENTS OF INTERNET INNOVATION ALLIANCE

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EXECUTIVE SUMMARY

The Internet Innovation Alliance (IIA) appreciates the opportunity to submit these comments on the Federal Communications Commission's ("FCC" or "Commission") proceeding on Lifeline to highlight the urgent need for fundamental and comprehensive reform. Only fundamental and sweeping reform can ensure success in the effort to modernize Lifeline and create a 21st Century program capable of efficiently and effectively delivering broadband Internet technologies and meaningful opportunities to our nation's low-income consumers.

A sea change in the Lifeline Program is needed. IIA strongly believes that the Lifeline Program should cover broadband services. As Commissioner Mignon Clyburn has noted, broadband is "the greatest equalizer of our time." But while broadband access is nearly ubiquitous for upper-income Americans, those with low incomes struggle to achieve comparable connectivity. IIA believes that, if the FCC fails to fundamentally alter the program to cover broadband, then the FCC may inadvertently and unnecessarily jeopardize the program's future existence.

Besides revising the Lifeline Program so that it covers broadband services, the Commission should squarely address fundamental structural flaws that today hamstring the program and the Lifeline marketplace. IIA proposes that the Commission move swiftly to adopt reforms that protect the eligibility determination process, simplify administration, empower consumers, and promote the rapid development of competition in the Lifeline marketplace. IIA agrees with the FCC's proposal designed to remove the responsibility for making service eligibility determinations from self-interested service providers. A "coordinated enrollment" process administered by state governmental

agencies is a crucial component of Lifeline reform. IIA also believes that, in any retooled and modernized federal Lifeline Program, the standard used by state entities for low-income consumer eligibility determinations should be based on the existing standard used for SNAP eligibility. IIA also believes that any essential reform of eligibility determinations and the Lifeline Program enrollment process must also include provisions for automatic de-enrollment of ineligible subscribers.

IIA believes that all people should be treated with dignity in the marketplace, and that fundamental reform is the best way to achieve that result for eligible participants in the program. Revamping the program to provide a direct-to-consumer benefit – either a “Lifeline Benefit Card” or taking advantage of coordinated enrollment and existing SNAP cards – will not only empower consumers, but will also ensure that the dignity of participants is protected.

Finally, IIA supports modernizing the Lifeline Program’s administrative structure. Cutting red tape by delinking Lifeline from the Eligible Telecommunications Carrier (ETC) designation will enhance voluntary participation in the program and promote competition. The Lifeline Program’s current structure hampers consumer choice by limiting service provider participation. Eliminating the ETC designation requirement will help remove existing regulatory roadblocks.

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Comments of Internet Innovation Alliance

I. INTRODUCTION

On behalf of the Internet Innovation Alliance (IIA)¹, we appreciate the opportunity to submit these comments on the Federal Communications Commission’s (“FCC” or “Commission”) proceeding on Lifeline to highlight the urgent need for fundamental and comprehensive reform so that the program can: enable low-income consumers to access affordable broadband services; empower consumer choice; enhance greater service provider participation; implement new administrative and management structures to promote program efficiencies; and help eliminate incentives for waste, fraud,

¹ The Internet Innovation Alliance is a broad-based coalition of business and non-profit organizations that aims to ensure every American - regardless of race, income or geography - has access to the critical tool that is broadband Internet. The IIA seeks to promote public policies that support equal opportunity for universal broadband availability and adoption so that everyone, everywhere can seize the benefits of the Internet—education to health care, employment to community building, civic engagement and more. Available at <http://www.internetinnovation.org/>.

and abuse. Only fundamental and sweeping reform can ensure success in the effort to modernize Lifeline and create a 21st century program capable of efficiently and effectively delivering Internet broadband technologies and meaningful opportunities to our nation's low-income consumers.

II. THE FCC MUST PURSUE FUNDAMENTAL AND COMPREHENSIVE LIFELINE REFORM TO ENSURE PROGRAM SUCCESS IN THE 21ST CENTURY

Since its inception in 1985, Lifeline has been resoundingly successful in achieving the goal of its founders to make voice telephone service affordable for low-income Americans. As the Commission notes, Lifeline “has ensured that qualifying low-income Americans have the opportunities and security that voice service brings, including being able to find jobs, access health care, and connect with family.”²

Yet, innovation and competition have transformed the American communications landscape during the past 30 years. IP-enabled Internet technologies now offer access to a plethora of new healthcare, education, government services, and job opportunities.³ Once a novelty, broadband now acts as the vital modern passkey to 21st Century civic engagement and represents an essential tool for advancement and success in the modern

² Fed. Comms. Comm'n, *In the Matter of Lifeline and Link-Up Reform and Modernization*, WC Docket No. 11-42, *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197, *Connect America Fund*, WC Docket No. 10-90; Second Further Notice of Proposed Rulemaking, Order on Reconsideration, Second Report and Order, and Memorandum Opinion and Order (hereinafter *Second Further Notice or FNPRM*), June 22, 2015, at 2-3.

³ See Internet Innovation Alliance, “Bringing the FCC’s Lifeline Program into the 21st Century,” Nov. 6, 2014, available at http://internetinnovation.org/images/misc_content/Lifeline_White_Paper_FINAL.pdf

global economy. Last November, Commissioner Mignon Clyburn accurately and succinctly characterized broadband “...as the greatest equalizer of our time.”⁴

Likewise, Commissioner Rosenworcel stressed the critical importance of residential broadband availability to advance education.⁵ Specifically, she coined the term “*Homework Gap*”⁶, defining it as the difficulty students experience completing homework when they lack Internet access at home, compared to those who have access. The Pew Research Center subsequently quantified the homework gap at approximately 5 million households out of the 29 million households in the United States with school-age children who do not have access to high-speed Internet service.⁷

Today, while broadband access is nearly ubiquitous for upper-income Americans, those with low incomes struggle to achieve comparable connectivity. According to the most recent government data (year ending 2013), a vast digital connectivity divide exists, as 93% of those with incomes greater than \$150,000 subscribe to broadband, while only 36% of individuals with annual incomes below \$10,000 are as Internet fortunate.⁸

The visionaries in Congress and the Commission who initially brought the Lifeline Program into fruition would be amazed at the progress of telecommunications in recent years, in particular the growth of the broadband Internet; they would also be convinced that the program must change to keep up with progress in telecommunications, lest those who receive Lifeline benefits to stay connected be left behind. Put differently,

⁴ Commissioner Mignon Clyburn, “Reforming Lifeline for the Broadband Era,” American Enterprise Institute, Nov. 12, 2014, available at <https://www.fcc.gov/document/commissioner-clyburn-remarks-american-enterprise-institute>. See also Commissioner Mignon Clyburn, Remarks to the National Urban League Annual Convention 2015, July 30, 2015, available at http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db0730/DOC-334659A1.pdf.

⁵ *Second Further Notice* at 135, Statement of Commissioner Jessica Rosenworcel.

⁶ FCC Commissioner Jessica Rosenworcel, “How to Close the Homework Gap”, Miami Herald, December 5, 2014.

⁷ Pew Research Center, The Numbers Behind the Broadband Homework Gap, April 20, 2015.

⁸ See FCC 2013 Universal Service Fund Monitoring Report, Table 3.9 (Dec. 2013).

if the broadband Internet had existed in its current form in 1985, there would be little doubt that it would be an integral offering of today's Lifeline Program.

Fortunately, for the first time in decades, discussion in Washington has focused on the overhaul and modernization of the Lifeline Program for the 21st Century. This unique moment in time places the FCC and Lifeline at a crossroads in which the agency must **confront a threshold question: What path toward reform should it take to successfully incorporate broadband into the program and secure the program's mission and fiscal viability far into the future?** The Commission can either attempt to tinker with the existing structures and mechanisms that guide today's outdated program or pursue a new course that reinvents, rebuilds, and reinvigorates Lifeline Program design, operations and administration for a broadband age with consumer interests at the heart of its foundation.

The choice is clear. The house of Lifeline must be rebuilt, a new foundation laid and new walls erected. IIA agrees with Chairman Wheeler that the FCC must "...tak[e] the Lifeline Program down to the studs."⁹ A sea change would, as Commissioner Clyburn has noted, provide the impetus to "...rid us of antiquated constructs" and "...design a future-proof program that enables low-income consumers to have access to broadband services comparable to everyone else."¹⁰

We go even further to argue that if the Commission fails to fundamentally alter the program at this time so that *first*, it encompasses broadband, and *second*, changes the relationship between government and the Lifeline consumer in such a way as to empower that consumer and advance competition and choice, then the FCC may inadvertently and

⁹ *Second Further Notice* at 130, Statement of Chairman Tom Wheeler.

¹⁰ *Id.* at 132, Statement of Commissioner Mignon L. Clyburn

unnecessarily jeopardize the program’s future existence. Just as a clear need existed in 1985 to provide a “lifeline to the outside world,”¹¹ so too today there is a clear need to advance Lifeline to reflect the meaning of what constitutes basic telecommunications connectivity for our citizenry in the 21st century. The program risks disappearing into irrelevance if it fails to keep up with today’s dynamic, innovative telecommunications market and does not modernize its administration, accountability and delivery of benefits. Even more fundamentally, there is no reason to condemn low-income consumers to a limited choice of antiquated technology. Continuing to do so strikes at the heart of the spirit behind Lifeline, the idea that all Americans deserve to be connected to their fellow citizens and to essential services such as medical applications and government.

III. THE FIRST FUNDAMENTAL REFORM: COVER BROADBAND

Commissioner Clyburn’s remarks before the American Enterprise Institute provide a clear “roadmap” for the Commission as it embarks on *fundamental* Lifeline reform in this proceeding.¹² In those remarks, Commissioner Clyburn outlined a series of principles for Lifeline reform. She noted both the difficulty and political sensitivity of this task and the urgent need for reform, not least to include broadband among the choices available to consumers and to propose that “providers should no longer be responsible for determining consumer eligibility.”¹³

¹¹ *MTS and WATS Market Structure and Amendment of Parts 67 & 69 of the Commission’s Rules and Establishment of a Joint Board, Report and Order*, 50 Fed. Reg. 939 (Jan. 8, 1985), at 941, para. 9

¹² FCC Commissioner Mignon Clyburn, *Reforming Lifeline for the Broadband Era*, Speech before the American Enterprise Institute at 3 (Nov. 12, 2014) (*Reforming Lifeline for the Broadband Era*).

¹³ *Id.* at 5.

IIA wholeheartedly supports including broadband services as a new eligible service in a modernized Lifeline Program. More specifically, we recommend that the Commission enhance consumer *choice* within Lifeline so that Lifeline benefits may be used for broadband services (wireline or mobile), as well as for voice services. These voice services should include retaining the option of “plain old telephone service” for those customers who, for whatever reason, prefer that service option. Advancing consumer choice means precisely that - giving consumers choice. While we support efforts to educate consumers on the benefits of broadband, we explicitly do not call for an end to the Lifeline subsidy for landline voice telephony if that is a consumer’s stated choice.

Many have rendered varying opinions for Lifeline Program modernization, but one reform seems uncontroversial. Consistent with the *Second Further Notice*, we look forward to a reformed Lifeline Program, which encompasses broadband options. As the Commission itself notes, “[Our] work is not complete. In light of the realities of the 21st Century telecommunications marketplace, we must overhaul the Lifeline Program to ensure that it advances the statutory directive for universal service. * * * Today, broadband is essential to participate in society.”¹⁴

In an ideally reformed Lifeline Program, therefore, beneficiaries could use their Lifeline benefit to obtain any fixed or mobile voice or broadband service, whether that service is purchased on a standalone basis or as part of a bundle. Similarly, the benefit should be applicable to charges, recurring or non-recurring, on any part of that covered service, at the consumer’s choice. Working towards this system alone will constitute

¹⁴ *Second Further Notice*, op. ct., at para. 3, 4 (citing to 47 U.S.C. § 254(b)(1), (3)).

major reform of the Lifeline Program helping to ensure its continued success and relevancy.

Moreover, we agree with the FCC's tentative conclusion to retain the \$9.25 monthly subsidy and continue the limitation of only one Lifeline benefit claimed per household.

IV. A FUNDAMENTAL REFORM OF PROGRAM ADMINISTRATION

Besides revising the Lifeline Program so that it covers broadband services, the Commission should squarely address fundamental structural flaws that today hamstring the program and the Lifeline marketplace. In this regard, IIA proposes that the Commission move swiftly to adopt reforms that protect the eligibility determination process; these reforms would simplify administration, empower consumers, and promote the rapid development of competition in the Lifeline marketplace.¹⁵ Moreover, in a reformed program, the subsidy should be provided directly to consumers through the issuance of a "lifeline benefits card" with which consumers can choose the service they desire and the carriers from which they prefer to receive it.

- 1. Safeguard the Lifeline Program by taking eligibility determinations away from self-interested service providers.*

In the FNPRM, the Commission proposed removing the responsibility for making the eligibility determination from Lifeline providers.¹⁶ This is precisely the type of fundamental reform needed to safeguard the Lifeline Program going-forward, and IIA

¹⁵ The comments build on the study published by IIA and previously filed in the docket. See IIA, *Bringing the FCC's Lifeline Program into the 21st Century*, White Paper (Nov. 6, 2014) (available at http://internetinnovation.org/immages/misc_content/Lifeline_White_Paper_FINAL.pdf).

¹⁶ FNPRM at para. 63.

enthusiastically supports adopting this approach. For too many years, the Lifeline Program’s existing structure promoted a “fox guarding the henhouse” environment.¹⁷ While the old structure was intended to help millions of people, it unfortunately made the program too attractive to various unscrupulous operators. As the Commission noted, removing service providers from eligibility determinations will “remove one potential source of waste, fraud, and abuse from the program while also creating more efficiencies overall in the program administration.”¹⁸ Determining eligibility for receiving benefits from a government program is an inherently governmental function; as such, eligibility determinations should not be left to service providers that may have an economic incentive to increase enrollment for no lawful purpose.

2. *Simplify and protect the Lifeline Program by vesting administration in a state agency using a “coordinated enrollment” process.*

In the FNPRM, the Commission seeks comment on whether to establish a national Lifeline Program eligibility verifier that would review consumer eligibility documentation and perform certain other necessary functions.¹⁹

IIA supports relying on state governmental agencies as the neutral entity charged with using a coordinated enrollment process to verify consumer eligibility and administer

¹⁷ See, e.g., Icon Telecom, Inc., *Notice of Apparent Liability for Forfeiture*, FCC 13-130 (Sep. 30, 2013). FCC Commissioner Pai described some egregious misconduct of Icon Telecom: “The company’s vendor had employees go through phone books in order to find names and addresses and register unsuspecting people for the Lifeline program. Then, they sold the phone registered to those fake customers on the street for \$5 each.” See Remarks of FCC Commissioner Ajit Pai at the Citizens Against Government Waste Policy Breakfast (Jul. 28, 2014). In May 2015, the Enforcement Bureau suspended Icon Telecom from participating in the USF program and started debarment proceedings after Icon Telecom pled guilty to knowingly making a false statement to the Universal Service Administrative Company. See Letter from Jeffrey J. Gee, Chief, Investigations and Hearings Division, Enforcement Bureau, FCC to Mr. Wes Yui Chew, President, Icon Telecom (May 26, 2015).

¹⁸ *Id.*

¹⁹ FNPRM at paras. 64-91.

the enrollment and de-enrollment processes. As Commissioner Clyburn recently noted, the “only way to truly eliminate negative incentives and put the program on stronger footing is to remove the provider from determining eligibility and replace them with a neutral entity.”²⁰

IIA believes that the states are best situated to perform the “neutral entity” eligibility determinations based both on their vast expertise engaging low-income consumers in their jurisdictions and their experience determining eligibility under existing Federal programs like the Supplemental Nutrition Assistance Program (SNAP). Lifeline eligibility determinations can be made using existing SNAP processes in conjunction with the support of a national database used to provide administrative support and technical functions during the enrollment/de-enrollment process.²¹ Importantly, the state-focused structure will house authority for performing an inherently governmental function with the appropriate level of government. The determination of who receives government benefits should be made by government – rather than by private corporations possessing improper incentives. States are in the best position to perform eligibility determinations for various low-income assistance programs. SNAP eligibility determinations, for example, are handled by state government agencies.

IIA also believes that, in any retooled and modernized federal Lifeline Program, the standard used by state entities for low-income consumer eligibility determinations should be based on the existing standard used for SNAP eligibility. Clearly, the current Lifeline structure is antiquated and, while it helps millions of people, the archaic structure

²⁰ *Reforming Lifeline for the Broadband Era* at 5.

²¹ FNPRM at paras. 81-82. Such functions could include acting as a national verifier to help promote and coordinate state eligibility verification efforts.

inadvertently undermines the program by creating significant administrative inefficiencies and paves the way for waste, fraud, and abuse.

Under current rules, to qualify for the Lifeline Program consumers must have income at or below 135% of the Federal Poverty Guidelines or participate in one of eleven Federal assistance programs like SNAP, Medicaid, or the National School Lunch Program.²² Moreover, the Commission's rules allow states to add *additional* government assistance programs to these criteria. While well-intentioned and meant to promote Lifeline participation, the linkage to numerous assistance programs (each with its own eligibility criteria) creates unneeded complexity, causes confusion, and deters participation in Lifeline by both consumers and service providers.

A reformed federal Lifeline Program should link eligibility determination to a single, mature assistance program – SNAP.²³ Linking Lifeline Program eligibility determinations to SNAP will further safeguard the Lifeline Program as the Commission and the states can rely on existing, proven, and robust administrative and management processes. According to the USDA, these oversight and management processes resulted in a 96.8% SNAP payment accuracy rate in 2013.²⁴ This track record of success indicates that the Commission and the states can rely on SNAP's efficiencies and well-established mechanisms to administer eligibility determinations and enrollment in the

²² The FCC publishes information about the Lifeline Program, including the programs to which eligibility is linked, on its website. See <http://transition.fcc.gov/cgb/consumerfacts/LifelineFAQs.pdf>.

²³ With a history of more than 50 years, SNAP is a well-established, mature assistance program that offers nutrition assistance to millions of eligible, low-income individuals and families. According to the USDA, SNAP "is the largest program in the domestic hunger safety net." Over 46 million people participated in SNAP in 2013. That same year, SNAP "payment accuracy was 96.8%," according to the USDA. See USDA Supplemental Nutrition Assistance Program (SNAP) data available at www.fns.usda.gov.

²⁴ See USDA, *SNAP Achieves Record High Payment Accuracy Rate for Seventh Year in a Row* (Jun. 26, 2014) (available at <http://blogs.usda.gov/2014/06/26/snap-achieves-record-high-payment-accuracy-rate-for-seventh-year-in-a-row/>).

Lifeline Program in a manner that both promotes subscribership and reduces the potential for waste, fraud, and abuse. In recommending SNAP as the initial standard for Lifeline eligibility determinations under a revised program, IIA notes that the Commission could always modify its rules in the future and provide for linkage to other programs should experience indicate linkage to SNAP is insufficient to optimize and achieve the Lifeline Program's public interest policy objectives.

Vesting administration in state agencies and linking eligibility in the Lifeline Program to SNAP will streamline the Lifeline Program and correct gross inefficiencies. Parties have noted the substantial costs imposed by the existing archaic structure, estimated at \$600 million and possibly more.²⁵ This is extreme by any measure, but it is even more egregious in light of its cost relative to the \$1.6 billion overall size of the Lifeline Program. Much of this inefficiency arises from multiple entities juggling overlapping and duplicative compliance activities, recordkeeping, and reporting requirements. In comparison to SNAP and other existing government assistance programs, the eligibility determinations, enrollment/de-enrollment, and compliance efforts of the Lifeline Program are unnecessarily complex. Rolling these functions into the pre-existing state structure centered on SNAP will achieve substantial Lifeline Program cost savings that can be passed along to taxpayers and Lifeline consumers.

IIA agrees with the Commission that coordinated enrollment "could streamline [the Commission's] efforts, produce savings for the Lifeline Program and providers,

²⁵ Relying on the Commission's supporting statement estimating the administrative burden and on industry and the public, AT&T conservatively estimated administrative costs of "approximately \$600 million." See AT&T Connect America Fund Comments at 32 (Aug. 8, 2014) (analyzing FCC Supporting Statement, 3060-0819 (Sep. 2012)).

increase checks and protections against fraud, and greatly reduce administrative burdens.”²⁶ Coordinated enrollment keeps the Commission from “reinventing the wheel” and could help further safeguard the Lifeline Program because another agency will be involved in checking eligibility. IIA notes that states are already familiar with coordinated enrollment and its benefits. As Commissioner Clyburn noted, roughly forty states already take advantage of coordinated enrollment with various assistance programs by using Electronic Benefit Transfer cards,²⁷ enabling low-income Americans to obtain assistance from several programs at a single point, helping to meet the policy goals of these assistance programs in an administratively simple way. Introducing coordinated enrollment into the program will also enhance consumer dignity and better protect consumer privacy, as the Commission acknowledged in the FNPRM.²⁸

IIA believes that any essential reform of eligibility determinations and the Lifeline Program enrollment process must also include provisions for *automatic de-enrollment* of ineligible subscribers. In the FNPRM, the Commission proposed to adopt procedures to allow subscribers to terminate Lifeline service in a quick, efficient manner.²⁹ As the Commission noted, its rules already require Lifeline providers to de-enroll subscribers when the provider has a reasonable basis to believe the subscriber no longer meets the eligibility criteria.³⁰ Because automatic de-enrollment procedures will protect the Lifeline Program from potential waste, fraud and abuse, the Commission should establish automatic de-enrollment procedures to ensure that ineligible subscribers are regularly identified and removed from receiving benefits. Automatic de-enrollment

²⁶ *Id.* at para. 96.

²⁷ *Reforming Lifeline for the Broadband Era* at 6.

²⁸ FNPRM at para. 96.

²⁹ FNPRM at paras. 147-53.

³⁰ 47 C.F.R. § 54.405(e)(3).

will also protect and improve the program by streamlining the process for removing ineligible participants, and will help ensure that Lifeline Program funds are targeted to those who need them the most.

The most efficient way to achieve automatic de-enrollment is to link the Lifeline Program de-enrollment process to the state-administered SNAP de-enrollment procedures. Procedures for automatic de-enrollment should not be difficult, burdensome, or complex because, under SNAP, states today are familiar with existing and established rules and procedures for automatic de-enrollment from SNAP assistance.³¹ Lifeline de-enrollment could easily be linked to that existing process.

3. *Empower consumers and promote dignity with a “Lifeline Benefit Card” – a direct-to-consumer benefit.*

In the FNPRM, the Commission seeks comment on whether Lifeline Program benefits should be provided directly to consumers.³²

As Commissioner Clyburn has emphatically stressed, people participating in the Lifeline Program “should be treated with dignity.”³³ IIA recognizes the unfortunate stigma associated with the current Lifeline Program and believes that the Commission should swiftly work to remove this stigma – one that creates an unnecessary obstacle for those in need of assistance. Modifying the structure of the Lifeline Program to provide a direct-to-consumer benefit that treats Lifeline customers interacting with service

³¹ According to the USDA, de-enrollment occurs frequently in SNAP. Most households under the SNAP program receive benefits for a 6-month period before requiring renewal, and other provisions limit eligibility to shorter periods in certain circumstances.

³² FNPRM at paras. 104-110.

³³ *Id.* at 133, Statement of Mignon L. Clyburn.

providers like any other customer, will play a significant role in preserving and advancing the personal dignity of Lifeline beneficiaries.

IIA believes that Lifeline Program benefits should be transferred directly to the consumer using a “Lifeline Benefit Card” or similar approach (*e.g.*, coordinated enrollment taking advantage of existing SNAP EBT cards and adding the Lifeline benefit to that EBT card). Innovation and competition have transformed the communications market since the Commission established the Lifeline Program in the mid-1980s. Instead of monopoly telephone providers serving consumers with a basic voice telephony service, today’s communications market is highly competitive and dynamic, features both wired and wireless service providers, and empowers consumers to drop outdated services and, through their choices, to drive ongoing marketplace change. Together, innovation and competition have created a communications market that is dominated by and responsive to consumer power and consumer choice.³⁴ Providing a Lifeline benefit directly to consumers through a “Lifeline Benefits Card” or by adding the Lifeline benefit to SNAP cards is an ideal way for the Commission to harness the new power that consumers are exercising in the communications market. Ensuring that Lifeline consumers have power over their purchasing decisions will also help protect financially-sensitive information.

IIA believes the Commission should make the Lifeline Program more consumer-focused by providing eligible consumers with a “Lifeline Benefit Card” that can be used as a voucher to buy a range of communications services, including broadband, wireline, or wireless voice service. Consumers who meet the program’s eligibility criteria could be issued a debit card for use with authorized and registered providers of communications

³⁴ For a further discussion of the power of consumers in today’s communications market, see *Bringing the FCC’s Lifeline Program into the 21st Century* at 16-19.

services; alternatively, the Lifeline Program benefit would be transferred to the consumer's EBT card issued through SNAP. Today, consumers can only access the Lifeline Program for basic voice service. Providing a direct-to-consumer benefit will allow consumers to apply the benefit to broadband or to basic voice service, whichever communications service meets their needs. Likewise, a direct-to-consumer benefit (when combined with updating the structure to de-link the ETC designation process from the Lifeline Program) will allow Lifeline Program consumers to choose from a wide array of service providers.

A direct-to-consumer benefit is also important for maintaining service continuity after the Lifeline Program participant no longer needs the program and promoting participation in the Lifeline Program in the first place. Under the existing archaic Lifeline Program structure, a consumer may currently be receiving communications services from a provider not participating in Lifeline – for example, a VoIP or broadband provider – through a subscription the consumer had prior to entering the Lifeline Program due to economic hardship. Providing the Lifeline Program benefit directly to consumers will help ensure these consumers do not experience disruption in their previously subscribed communications services during the time they need to take advantage of the Lifeline Program's safety net. Likewise, low-income consumers who start a communications service while in the Lifeline Program will not be forced to switch their service provider after their income rises and they no longer meet the Lifeline eligibility criteria.

In the FNPRM, the Commission sought comment on addressing concerns about waste, fraud, and abuse after restructuring the program to provide benefits directly to

consumers. IIA believes that maintaining the cap on the existing level of support – \$9.25 per month – in combination with an improved eligibility determination enrollment process linked to SNAP and automatic de-enrollment will adequately address those concerns. Enlisting Lifeline Program consumers in the process of exercising their market choices *while retaining the existing financial support level* will help advance fiscal prudence.

4. *Incentivize voluntary participation in the Lifeline Program by cutting red tape.*

The Commission sought comment on ways to increase competition and innovation in the Lifeline marketplace and further stated its belief that increasing the number of service providers is the best way to increase competition.³⁵ In discussing how best to promote the rapid development of competition, the Commission indicated that “many entities, including many cable companies and wireless providers, are unwilling to become [Eligible Telecommunications Carriers (ETCs)] and some have in fact relinquished their designations.”³⁶ The Commission suggests streamlining the ETC process as a way to promote competition and also seeks comment on relieving ETCs from Lifeline obligations.

Consumer choice now dominates the communications marketplace. Unfortunately, the current structure of the Commission’s Lifeline Program hampers consumer choice by limiting service provider participation. IIA recommends delinking the ETC designation from the Lifeline Program, as well as empowering consumers with the purchasing power of “Lifeline Benefit Cards.”

³⁵ FNPRM at para. 121.

³⁶ *Id.* at para. 123.

Participation in the Lifeline Program does not apply equally to all providers. Wireless providers, for example, can choose to enter and to exit the Lifeline market based on their own business decisions, so Lifeline customers may not be able to choose certain wireless providers to meet their needs. Similarly, VoIP providers and broadband providers are exempt from obligations to serve and have chosen not to participate in the Lifeline Program. As a result, Lifeline consumers today fail to receive the full benefits of robust competition that full service provider participation could offer.

The ETC designation arose in a world dominated by common carriers and is simply not necessary from either a legal or policy perspective to help deliver communications services to low-income consumers in the 21st Century. A “Lifeline Provider” designation would be sufficient to permit consumers to obtain service from any provider they desire.

Eliminating the ETC designation requirement will help remove existing regulatory roadblocks that currently hinder many service providers from actively entering the Lifeline marketplace, or from leaving the Lifeline marketplace through relinquishing their ETC designation. IIA believes that removal of these regulatory roadblocks is critical for preservation and advancement of the Lifeline Program; making it easier for service providers to participate in Lifeline will incentivize them to compete for the purchasing power of Lifeline consumers. Delinking the ETC designation requirement should increase competition in the Lifeline Program by broadening participation to include other service providers, including VoIP providers and broadband providers.

Delinking the ETC designation from the Lifeline Program will also further empower consumers by paving the way for them to choose Lifeline-supported services

from any provider, not just those currently designated as ETCs. Maintaining the existing archaic ETC requirement will reduce the choices that Lifeline consumers have and thereby treat Lifeline beneficiaries as “second-class consumers.” In this way, delinking will also serve to promote the dignity of Lifeline consumers.

As the Commission rightly notes, increasing competition and innovation in the Lifeline marketplace will come through increasing the number of service providers. An important way to encourage additional service provider engagement is to remove the red tape that renders increased participation unattractive in the marketplace. When coupled with a Lifeline Benefit Card (or other direct-to-consumer benefit mechanism) that provides consumers with additional purchasing power, service providers will suddenly find a Lifeline Program that creates an environment that invites participation, allows for vigorous competition, and benefits low-income Americans.

IV. CONCLUSION

We stand with Commissioner Clyburn and her fellow Commissioners in the belief that the time for Lifeline reform is now, the task is urgent, and the nature of reform should be fundamental. As Commissioner Clyburn said, “The safe course would be one of inaction. But the oath that I took requires that I try to use all the tools in my regulatory arsenal to close chronic divides and stay true to those words in the statute. We must not wait, remain idle, or play it safe when it comes to this program, for we know that broadband is the great technology equalizer of our time, but it can only be so if everyone

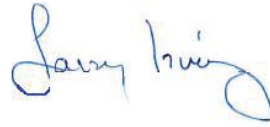
has access. If we fail or never try, the promises that broadband brings will be reserved only for the privileged.”³⁷ Such an outcome was unacceptable in 1985, and it is unacceptable now. It is possible to reform Lifeline in the manner we have outlined to expand access and consumer choice while reducing opportunities for waste and fraud. But we must start now and act with dispatch. We are confident the Commission will prove equal to this task and ensure that all Americans may participate fully in the broadband century.

³⁷ Second Further Notice at 132, Statement of Commissioner Mignon L. Clyburn.

Respectfully submitted,



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